

217252

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2005-125-G

RECEIVED  
PUBLIC SERVICE  
COMMISSION  
SOUTH CAROLINA  
OCT 15 2009

In the Matter Of

Notice of Election of Piedmont Natural Gas  
Company, Inc. for Application of the Natural  
Gas Rate Stabilization Act to its Rates and  
Charges

**NOTICE OF FILING OF QUARTERLY  
MONITORING REPORT AND  
PROPOSED RATE CHANGES**

Piedmont Natural Gas Company, Inc. ("Piedmont"), through counsel and pursuant to Sections 58-5-430 and 58-5-440 of the South Carolina Natural Gas Rate Stabilization Act ("Act"), hereby submits (1) its quarterly monitoring report for the twelve-month period ending March 31, 2009, and (2) the required revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case as specified in Section 58-5-420(1). Piedmont requests that the Public Service Commission of South Carolina ("Commission") review and accept the attached documents consistent with Sections 58-5-430 and 58-5-440 and issue an initial order approving the proposed rate changes set forth in this filing on or before October 15, 2009 in conformance with the procedures set forth in Section 58-5-455 of the Act.

In support of this filing, Piedmont respectfully shows unto the Commission as follows:

1. Any notices or other communications with respect to this matter should be sent to:

Jane Lewis-Raymond  
Vice President and General Counsel  
Piedmont Natural Gas Company, Inc.  
P.O. Box 33068  
Charlotte, NC 28233  
Telephone: (704) 731-4261

And

James H. Jeffries IV<sup>1</sup>  
Moore & Van Allen PLLC  
Bank of America Corporate Center  
100 North Tryon Street, Suite 4700  
Charlotte, North Carolina 28202-4003  
Telephone: (704) 331-1079

And

Jeremy C. Hodges  
Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Suite 1700  
Columbia, South Carolina 29201  
Telephone: (803) 255-9766

2. On April 25, 2005, Piedmont provided notice to the Commission of its election of the application of the terms of the Act to Piedmont's rates and charges for gas distribution services provided within the state of South Carolina. In conjunction with its election and as required by Sections 58-5-410 and 58-5-420, Piedmont requested that the Commission make findings and establish ongoing procedures as required to make prospective adjustments to Piedmont's base rates utilizing the rates, charges, revenues, expenses, capital structure, returns, and other matters established in Piedmont's most recent general rate proceeding in Docket No. 2002-63-G.

3. Consistent with its prior election for application of the Act to its rates and charges, and pursuant to the requirements of Section 58-5-430 of the Act, Piedmont has attached hereto various schedules constituting its quarterly monitoring report to the Commission for the twelve-month period ended March 31, 2009. In conformance with the requirements of Section 58-5-440 of the Act, Piedmont has also included in the schedules attached hereto the calculated revenue deficiency resulting from Piedmont's current rates. This deficiency results in a return on common equity under existing rates that is more than 200 basis points below that approved in Piedmont's last general rate case. The attached schedules also reflect proposed

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<sup>1</sup> Mr. Jeffries has been previously admitted to practice before this Commission in this docket *pro hac vice* in conformance with the rules of the South Carolina Supreme Court.

rate revisions, calculated in conformance with the rate allocation principles approved in Piedmont's last general rate case, needed to return Piedmont's rate of return on common equity to the midpoint of the range specified by Section 58-5-420(1).

4. The Schedules attached hereto and incorporated herein by reference consist of the following:

- (1) Present Rate Schedules are incorporated herein by reference as filed in GCRM-126 effective as of the first billing cycle of February 2009;
- (2) Proposed Rate Schedules;
- (3) Gas Plant at Original Cost;
- (4) Depreciation;
- (5) Materials and Supplies;
- (6) Cash Working Capital;
- (7) Net Operating Income and Return;
- (8) Pro Forma Revenues;
- (9) Proposed Revenues;
- (10) WNA Factors.

5. The *pro forma* revenue calculations shown on Schedule (7) indicate that after taking into account a reduction of \$1.6 million in annual demand gas costs, \$4.1 million in additional margin is required to permit Piedmont the opportunity to earn a rate of return on equity equal to the approved rate of return on equity adopted in Docket No. 2002-63-G, Piedmont's last general rate case, and to recover one-hundred percent (100%) of its prudently incurred demand gas costs.

6. Based upon the calculations provided in Schedules (3)-(10), Piedmont proposes the changes to its tariff rates reflected in Schedule (2) hereto.

7. The rate/revenue increases proposed herein reflect a 1.35% overall increase in revenue from the base rates approved in Commission Order No. 2008-701 (dated October 14, 2008).

8. Consistent with the requirements of Sections 58-5-430 and 58-5-455, Piedmont is concurrently serving copies of this filing on the Office of Regulatory Staff, all parties of record to this proceeding and any other interested party that has requested in writing to receive such filings.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission accept and review Piedmont's quarterly monitoring report for the twelve-month period ended March 31, 2009 and issue an Initial Order approving Piedmont's proposed rate adjustments on or before October 15, 2009.

Respectfully submitted, this the 15th day of June, 2009

**PIEDMONT NATURAL GAS COMPANY, INC.**

s/ James. H. Jeffries IV  
James H. Jeffries IV

OF COUNSEL:

Moore & Van Allen PLLC  
Bank of America Corporate Center  
100 North Tryon Street, Suite 4700  
Charlotte, North Carolina 28202-4003  
(704) 331-1079

s/Jeremy C. Hodges  
Jeremy C. Hodges

OF COUNSEL:

Nelson Mullins Riley & Scarborough, LLP  
1320 Main Street, Suite 1700  
Columbia, South Carolina 29201  
(803) 255-9766

# CERTIFICATION

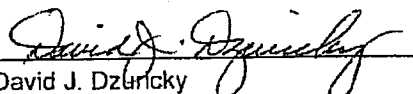
I, Thomas E. Skains and David J. Dzuricky, state and attest, under penalty of perjury, that the attached Quarterly Monitoring Report is filed on behalf of Piedmont Natural Gas Company, Inc. as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Thomas E. Skains  
President and CEO

6/10/09

Date Signed



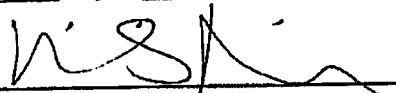
David J. Dzuricky  
Senior Vice President and CFO

6/10/09

Date Signed

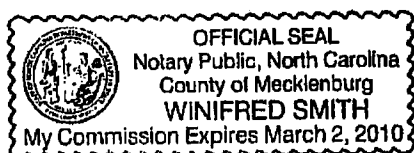
Subscribed and Sworn to before me this

10 day of June, 2009.



Notary Public

My Commission Expires March 2, 2010



STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

Pia Powers, being duly sworn, deposes and says that he is Manager – Regulatory Affairs of Piedmont Natural Gas Company, Inc., that as such, she has read the foregoing Notice of Filing of Quarterly Monitoring Report and Proposed Rate Changes and knows the contents thereof; that the same are true of her own knowledge except as to those matters stated on information and belief and as to those she believes them to be true.

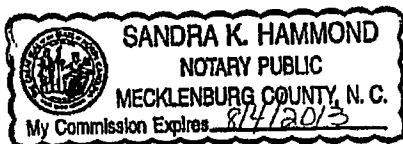
Pia K. Powers

Mecklenburg County, North Carolina  
Signed and sworn to before me  
this the 12th day of June, 2009

Sandra K. Hammond  
Sandra Hammond, Notary Public

My Commission Expires:

August 4, 2013



**PIEDMONT NATURAL GAS COMPANY, INC.**

**INDEX TO SCHEDULES**

**Period Ended March 31, 2009**

SCHEDULE 1	Present Rate Schedules are incorporated herein by reference as filed in GCRM-126 effective as of the first billing cycle of February 2009;
SCHEDULE 2	Proposed Rate Schedules;
SCHEDULE 3	Gas Plant at Original Cost;
SCHEDULE 4	Depreciation;
SCHEDULE 5	Materials and Supplies;
SCHEDULE 6	Cash Working Capital;
SCHEDULE 7	Net Operating Income and Return;
SCHEDULE 8	Pro Forma Revenues;
SCHEDULE 9	Proposed Revenues;
SCHEDULE 10	WNA Factors.

# **SCHEDULE 1**

**(Incorporated herein by reference as filed in GCRM 126  
effective February, 2009)**



# **SCHEDULE 2**

Piedmont Natural Gas Company, Inc.  
Quarterly Rate Stabilization Filing  
12-Months Ending March 31, 2009

South Carolina  
Rate Schedules:

		<u>Current</u> <u>Billing Rates</u>	<u>Change</u>	<u>Proposed</u> <u>Billing Rates</u>
<b>201</b>	<b>Residential Service - Value</b>			
	Monthly Charge-winter	10.00	-	10.00
	Monthly Charge-summer	8.00	-	8.00
	Winter (Nov.-Mar.)	1.09058	0.03679	1.12737
	Summer (Apr.-Oct.)	1.04376	0.03240	1.07616
<b>221</b>	<b>Residential Service - Standard</b>			
	Monthly Charge-winter	10.00	-	10.00
	Monthly Charge-summer	8.00	-	8.00
	Winter (Nov.-Mar.)	1.31715	0.02138	1.33853
	Summer (Apr.-Oct.)	1.32734	0.01286	1.34020
<b>205</b>	<b>Outdoor Gas Light Service</b>			
	Monthly Charge	15.00	-	15.00
<b>202</b>	<b>Small General Service-Standard</b>			
	Monthly Charge	22.00	-	22.00
	Winter (Nov.-Mar.)	1.22149	0.01046	1.23195
	Summer (Apr.-Oct.)	1.18116	0.01291	1.19407
<b>232</b>	<b>Small General Service-Value</b>			
	Monthly Charge	22.00	-	22.00
	Winter (Nov.-Mar.)			
	First 2,000	1.15203	0.01578	1.16781
	Over 2,000	1.11810	0.01762	1.13572
	Summer (Apr.-Oct.)			
	First 2,000	1.04353	0.02169	1.06522
	Over 2,000	1.01250	0.02380	1.03630
<b>252</b>	<b>Medium General Service-Standard</b>			
	Monthly Charge	75.00	-	75.00
	Winter (Nov.-Mar.)	1.19368	0.01267	1.20635
	Summer (Apr.-Oct.)	1.14159	0.02105	1.16264
<b>262</b>	<b>Medium General Service-Value</b>			
	Monthly Charge	75.00	-	75.00
	Winter (Nov.-Mar.)			
	First 5,000	1.11309	0.01939	1.13248
	Over 5,000	1.07470	0.02122	1.09592
	Summer (Apr.-Oct.)			
	First 5,000	1.00881	0.02445	1.03326
	Over 5,000	0.98083	0.02605	1.00688
<b>242</b>	<b>Small General Service-Motor Fuel</b>			
	Monthly Charge	22.00	-	22.00
	Winter (Nov.-Mar.)	0.92385	0.00516	0.92901
	Summer (Apr.-Oct.)	0.93843	(0.02260)	0.91583

Piedmont Natural Gas Company, Inc.  
Quarterly Rate Stabilization Filing  
12-Months Ending March 31, 2009

South Carolina  
Rate Schedules:

	<u>Current Billing Rates</u>	<u>Change</u>	<u>Proposed Billing Rates</u>
<b>203 Large General Sales Service</b>			
Monthly Charge	250.00	-	250.00
Billing Demand (therms)	1.90000	-	1.90000
Winter (Nov.-Mar.)			
First 15,000	0.95402	(0.01793)	0.93609
Next 15,000	0.87991	(0.01547)	0.86444
Next 75,000	0.84342	(0.01840)	0.82502
Next 165,000	0.74793	-	0.74793
Next 330,000	0.69261	-	0.69261
Over 600,000	0.66404	-	0.66404
Summer (Apr.-Oct.)			
First 15,000	0.85082	(0.00818)	0.84264
Next 15,000	0.80234	(0.00831)	0.79403
Next 75,000	0.81766	(0.01568)	0.80198
Next 165,000	0.72936	-	0.72936
Next 330,000	0.68761	-	0.68761
Over 600,000	0.66404	-	0.66404
<b>204 Interruptible Sales Service</b>			
Monthly Charge	250.00	-	250.00
Winter (Nov.-Mar.)			
First 15,000	1.04680	(0.02987)	1.01693
Next 15,000	0.97634	(0.03483)	0.94151
Next 75,000	0.92741	(0.03600)	0.89141
Next 165,000	0.95623	(0.04128)	0.91495
Next 330,000	0.79105	-	0.79105
Over 600,000	0.70404	-	0.70404
Summer (Apr.-Oct.)			
First 15,000	0.86842	(0.01079)	0.85763
Next 15,000	0.81932	(0.01049)	0.80883
Next 75,000	0.79271	(0.01048)	0.78223
Next 165,000	0.76203	(0.00578)	0.75625
Next 330,000	0.70261	-	0.70261
Over 600,000	0.67404	-	0.67404

Piedmont Natural Gas Company, Inc.  
Quarterly Rate Stabilization Filing  
12-Months Ending March 31, 2009

South Carolina  
Rate Schedules:

	<u>Current Billing Rates</u>	<u>Change</u>	<u>Proposed Billing Rates</u>
<b>213 Large General Transportation Service</b>			
Monthly Charge	250.00	-	250.00
Standby Demand	1.30000	-	1.30000
Billing Demand (therms)	0.60000	-	0.60000
Winter (Nov.-Mar.)			
First 15,000	0.25795	(0.00308)	0.25487
Next 15,000	0.19052	(0.00256)	0.18796
Next 75,000	0.14409	(0.00252)	0.14157
Next 165,000	0.09793	-	0.09793
Next 330,000	0.04261	-	0.04261
Over 600,000	0.01404	-	0.01404
Summer (Apr.-Oct.)			
First 15,000	0.18920	(0.00512)	0.18408
Next 15,000	0.14029	(0.00455)	0.13574
Next 75,000	0.11534	(0.00552)	0.10982
Next 165,000	0.07660	-	0.07660
Next 330,000	0.03761	-	0.03761
Over 600,000	0.01404	-	0.01404
<b>214 Interruptible Transportation Service</b>			
Monthly Charge	250.00	-	250.00
Winter (Nov.-Mar.)			
First 15,000	0.25669	(0.00233)	0.25436
Next 15,000	0.18905	(0.00173)	0.18732
Next 75,000	0.13981	(0.00105)	0.13876
Next 165,000	0.09108	(0.00053)	0.09055
Next 330,000	0.04373	(0.00020)	0.04353
Over 600,000	0.01404	-	0.01404
Summer (Apr.-Oct.)			
First 15,000	0.18750	(0.00403)	0.18347
Next 15,000	0.13729	(0.00305)	0.13424
Next 75,000	0.10576	(0.00208)	0.10368
Next 165,000	0.07422	(0.00114)	0.07308
Next 330,000	0.05796	-	0.05796
Over 600,000	0.01404	-	0.01404

# **SCHEDULE 3**

## Schedule 3

Piedmont Natural Gas Company  
Original Cost of Property Used and Useful  
in Public Service in South Carolina  
March 31, 2009

<u>Line No.</u>	<u>Title of Account</u>	
1	Intangible Plant	\$146,199
2	Production Plant	223,085
3	Local Storage Plant	6,343,343
4	Transmission Plant	40,311,505
5	Distribution Plant	303,570,509
6	General Plant	<u>32,230,079</u>
7	Total	<u><u>\$382,824,720</u></u>

# **SCHEDULE 4**

Piedmont Natural Gas Company  
 South Carolina Operations  
 Accumulated Depreciation, Depreciation Policy and Rates  
 March 31, 2009

Accumulated Depreciation

Per books as of March 31, 2009

\$150,110,003Depreciation Policy

Piedmont computes depreciation expense monthly using the straight-line method applied to end-of-the-month depreciable costs.

The Company began booking depreciation expense at the depreciation rates recommended in a depreciation study performed in 2005. These depreciation rates were approved as a result of the Commission's findings in Docket No. 2005-125-G, Order No. 2005-567.

Piedmont allocates depreciation expense on the LNG plant located in North Carolina between South Carolina and North Carolina on the basis of design-day demand during the test period. We allocate depreciation expense on other jointly-used property between South Carolina, North Carolina and Tennessee or between South Carolina and North Carolina only, on the basis of net plant depending upon the actual usage of the property.

Piedmont computes depreciation expense on transportation equipment over estimated useful lives after deducting from the original cost an estimated salvage value of 25% for passenger cars and 20% for trucks and heavy equipment.

Depreciation Rates

Based on plant in service as of March 31, 2009, the current composite depreciation rates are:

Intangible Plant	20.00%
Production Plant	2.62%
Local Storage Plant	1.91%
Transmission Plant	2.09%
Distribution Plant	3.00%
General Plant	7.99%



# **SCHEDULE 5**

## Schedule 5

Piedmont Natural Gas Company  
South Carolina Operations  
Average Materials and Supplies  
March 31, 2009

Line  
No.

1	Operating and Construction Supplies (a)	\$635,983
2	Natural Gas Stored (b)	<u>24,309,259</u>
3	Total	<u><u>\$24,945,242</u></u>

(a) Includes Materials Distribution Center inventory allocated to South Carolina on the ratio of South Carolina net plant before joint property to total South Carolina and North Carolina net plant before joint property as of March 31, 2009 (14.73% to SC).

(b) Allocated to South Carolina on the basis of design day in South Carolina and North Carolina. (16.01% to SC).

# **SCHEDULE 6**

**Piedmont Natural Gas Company**  
**South Carolina Operations**  
**Cash Working Capital**  
**March 31, 2009**

Line <u>No.</u>		
1	One-Eighth (12.5%) of Operations and Maintenance Expenses	\$3,460,497
2	Cash Working Funds (a)	33,982
3	Prepayments (b)	363,466
4	Average Tax Accruals (deduct)	<u>(4,329,055)</u>
5	Total	<u><u>(\$471,109)</u></u>

(a) A portion allocated to South Carolina on the ratio of South Carolina net plant before joint property to total net plant before joint property as of March 31, 2009 (12.44% to SC) and a portion on the ratio of South Carolina net plant before joint property to total South Carolina and North Carolina net plant before joint property (14.73% to SC).

(b) Allocated to South Carolina on the ratio of South Carolina net plant before joint property to total net plant before joint property as of March 31, 2009 (12.44% to SC).

# **SCHEDULE 7**

Piedmont Natural Gas Company  
South Carolina Operations  
Updated Net Operating Income and Rate of Return  
For the Twelve Months Ended March 31, 2008

	(1) Per Books	(2) Accounting and Pro Forma Adjustments	(3) After Accounting and Pro Forma Adjustments	(4) Adjustments for Proposed Margin	(5) Adjustments for Demand Cost Under-Recovery	(6) After Adjustments for Proposed Rates
<b>Operating Revenues</b>						
1 Sale and Transportation of Gas	211,739,218	\$ (25,535,647)	\$186,203,571	\$ 4,134,798	(\$1,613,014)	\$188,725,355
2 Other Operating Revenues	1,015,955	0	1,015,955			1,015,955
3 Total Operating Revenues	212,755,173	(25,535,647)	187,219,526	4,134,798	(1,613,014)	189,741,310
<b>Operating Expenses</b>						
4 Cost of Gas	146,337,947	(32,503,768)	113,834,179		(1,604,626)	112,229,553
5 Operations and Maintenance	27,683,975	(432,126)	27,251,849	21,616	(8,389)	27,265,076
6 Depreciation	11,852,361	679,203	12,531,564			12,531,564
7 General Taxes	6,566,124	(71,049)	6,495,075			6,495,075
8 State Income Taxes	1,098,622	(64,729)	1,033,893	205,659		1,239,552
9 Federal Income Taxes	4,268,139	2,605,350	6,873,489	1,367,633		8,241,122
10 Amortization of Investment Tax Credits	(52,336)		(52,336)			(52,336)
11 Total Operating Expenses	197,754,832	(29,787,119)	167,967,713	1,594,908	(1,613,014)	167,949,607
12 Net Operating Income	15,000,341	4,251,472	19,251,813	2,539,890	0	21,791,703
13 Interest on Customers' Deposits	(131,468)		(131,468)			(131,468)
14 Amortization of Debt Redemption Premium	(14,253)	414	(13,838)			(13,838)
15 Allowance for Funds Used During Construction	123,169		123,169			123,169
16 Customer Growth	(1,487)	(425)	(1,912)	(254)	(15)	(2,166)
17 Net Operating Income for Return	14,976,302	\$4,251,461	\$19,227,764		\$0	\$21,767,400
<b>Original Cost Rate Base</b>						
18 Plant in Service	382,824,720		\$382,824,720			\$382,824,720
19 Accumulated Depreciation	(150,110,003)		(150,110,003)			(150,110,003)
20 Net Plant in Service	232,714,716		232,714,716			232,714,716
<b>Add:</b>						
21 Construction Work in Progress	1,861,262		1,861,262			1,861,262
22 Materials and Supplies	24,945,242		24,945,242			24,945,242
23 Cash Working Capital	(471,109)	(54,016)	(525,125)			(525,125)
<b>Deduct:</b>						
24 Customers' Advances	0		0			0
25 Customers' Deposits	4,027,297		4,027,297			4,027,297
26 Accumulated Deferred Income Taxes	37,895,183		37,895,183			37,895,183
27 Unclaimed Funds	346,447		346,447			346,447
28 Original Cost Rate Base	216,781,184	(\$54,016)	216,727,168			216,727,168
<b>Rate of Return</b>						
29 On Original Cost Rate Base	6.91%		8.87%			10.04%

Piedmont Natural Gas Company  
South Carolina Operations  
Return on Common Equity and Original  
Cost Net Investment  
For the Twelve Months Ended March 31, 2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Per Books	Accounting and Pro Forma Adjustments	Adjusted Capitalization	Ratio	Cost Net Investment	Embedded Cost	Overall Cost Rate	Net Operating Income
1 Long-Term Debt	784,104,011	(\$18,421,489)	\$765,682,522	43.75%	\$94,818,136	6.76%	2.96%	\$6,406,861
2 Common Equity	966,027,468	18,421,489	\$984,448,957	56.25%	121,909,032	10.52%	5.92%	12,820,902
3 Total	1,750,131,479	\$0	\$1,750,131,479	100.00%	\$216,727,168		8.87%	\$19,227,764

After Accounting and Pro Forma Adjustments

Piedmont Natural Gas Company  
South Carolina Operations  
Accounting and Pro Forma Adjustments  
Twelve Months Ended March 31, 2009

Line  
No.

1	<u>Operating Revenues - Sale and Transportation of Gas</u> To decrease revenues to the going-level basis.	<u>\$ (25,535,647)</u>
2	<u>Cost of Gas</u> To decrease cost of gas to the going-level basis.	<u>\$ (32,503,768)</u>
3	<u>Operations and Maintenance Expenses</u>	
	A To decrease payroll costs to the going-level basis.	(\$123,781)
	B To decrease expenses for the salary and payroll investment plans.	(19,860)
	D To decrease expenses for pension costs.	(89,073)
	E To decrease expenses for the provision for uncollectible accounts to reflect actual net write-offs over a three-year period.	(161,113)
	F To decrease expenses for allocations to non-utility activities.	(6,914)
	G To decrease expenses for the long-term incentive plan.	(182,564)
	H To decrease expenses for the short-term incentive plan.	(60,168)
	I To increase expenses for the MVP incentive plan.	187,488
	J To increase expenses for group insurance for projected costs increases.	10,054
	K To increase expenses for Piedmont Town Center lease.	3,443
	L To decrease expenses for the South Carolina assessment fee.	(1,325)
	M To decrease expenses for non-allowables for ratemaking purposes.	(140,557)
	N To increase expense for amortization of early retirement incentive	151,229
	O To increase expense for Piedmont Town Center CAM Expenses	1,015
	Total	<u>(\$432,126)</u>
4	<u>Depreciation Expense</u> To increase depreciation expense to the going-level basis using recently completed depreciation study rates.	<u>\$ 679,203</u>
5	<u>General Taxes</u>	
	A To increase property taxes to the going-level basis.	\$ 2,091
	B To decrease payroll taxes to the going-level basis.	(73,140)
	Total	<u>\$ (71,049)</u>



Piedmont Natural Gas Company  
South Carolina Operations  
Accounting and Pro Forma Adjustments  
Twelve Months Ended March 31, 2009

Schedule 7  
Page 4 of 5

Line  
No.

6	<u>State Income Taxes</u> To decrease state income taxes (rate of 5%) following a computation after accounting and pro forma adjustments.	<u>\$ (64,729)</u>
7	<u>Federal Income Taxes</u> To increase federal income taxes (rate of 35%) following a computation after accounting and pro forma adjustments.	<u>\$ 2,605,350</u>
8	<u>Amortization of Debt Redemption Premium</u> To increase net operating income for amortization of debt redemption premium.	<u>\$ 414</u>
9	<u>Customer Growth</u> To decrease net operating income to reflect anticipated customer growth (rate of -.01%) following the adjustments to operating revenues and expenses.	<u>\$ (425)</u>
10	<u>Cash Working Capital</u> To decrease cash working capital following the pro forma adjustments to operations and maintenance expenses (rate of 12.5%).	<u>\$ (54,016)</u>
11	<u>Operating Revenues - Sale and Transportation of Gas</u> To increase revenue requirement for the sale and transportation of gas associated with the demand cost under-recovery.	<u>\$ 4,134,798</u>
12	<u>Operations and Maintenance Expenses</u>	
A	To increase the provision for uncollectible accounts (rate of .22345%) following the adjustment to operating revenues.	\$ 9,239
B	To increase the utility license fee (rate of .30%) following the adjustment to operating revenues.	<u>12,377</u>
	Total	<u>\$ 21,616</u>

Piedmont Natural Gas Company  
South Carolina Operations  
Accounting and Pro Forma Adjustments  
Twelve Months Ended March 31, 2009

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No.

13	<u>State Income Taxes</u> To increase state income taxes (rate of 5%) following the adjustments to operating revenues and expenses.	<u>\$ 205,659</u>
14	<u>Federal Income Taxes</u> To increase federal income taxes (rate of 35%) following the adjustments to operating revenues, expenses and state income taxes.	<u>\$ 1,367,633</u>
15	<u>Customer Growth</u> To decrease net operating income to reflect anticipated customer growth (rate of -.01%) following the adjustments to operating revenues and expenses.	<u>\$ (254)</u>
16	<u>Operating Revenues - Sale and Transportation of Gas</u> To decrease revenue requirement for the sale and transportation of gas associated with the demand cost under-recovery.	<u>\$ (1,613,014)</u>
17	<u>Cost of Gas</u> To decrease cost of gas for the demand cost under-recovery.	<u>\$ (1,604,626)</u>
18	<u>Operations and Maintenance Expenses</u>	
A	To increase the provision for uncollectible accounts (rate of .22345%) following the adjustment to operating revenues.	\$ (3,586)
B	To increase the utility license fee (rate of .30%) following the adjustment to operating revenues.	<u>(4,803)</u>
	Total	<u>\$ (8,389)</u>

# **SCHEDULE 8**

TST PD 3/31/2009

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PRO FORMA REVENUE CALCULATIONS**

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Current Rates (5)	Proforma Revenue (6)
<b>Residential Service - Value 201</b>						
Bills - Winter	209,325			209,325	\$10.00	\$2,093,250
Bills - Summer	325,157			325,157	\$8.00	\$2,601,256
DTs - Winter	2,359,610	(4,215)	2,355,395		\$10.90580	\$25,687,467
DTs - Summer	897,826	63,345	961,171		\$10.43760	\$10,032,318
<b>Residential Service - Standard 221</b>						
Bills - Winter	374,918			374,918	\$10.00	\$3,749,180
Bills - Summer	479,852			479,852	\$8.00	\$3,838,816
DTs - Winter	3,142,012	(2,057)	3,139,955		\$13.17150	\$41,357,917
DTs - Summer	659,783	71,865	731,648		\$13.27340	\$9,711,457
<b><u>TOTAL RESIDENTIAL</u></b>						
Bills	1,389,252			1,389,252		
DTs	7,059,231	128,938	7,188,169			\$99,071,661
<b>Small General Service - Standard 202</b>						
Bills	118,239			118,239	\$22.00	\$2,601,258
DTs - Winter	1,654,263	4,453	1,658,716		\$12.2149	\$20,261,050
DTs - Summer	305,766	36,997	342,763		\$11.8116	\$4,048,579
<b>Small General Service - Value 232</b>						
Bills	49,251			49,251	\$22.00	\$1,083,522
First 200	994,880	1,984	996,864		\$11.5203	\$11,484,172
Over 200	234,006	467	234,473		\$11.1810	\$2,621,643
DTs - Winter	1,228,886	2,451	1,231,337			
First 200	1,013,836	8,924	1,022,760		\$10.4353	\$10,672,807
Over 200	128,618	1,132	129,750		\$10.1250	\$1,313,719
DTs - Summer	1,142,454	10,056	1,152,510			
<b>Medium General Service - Standard 252</b>						
Bills	159			159	\$75.00	\$11,925
DTs - Winter	82,027	(2,936)	79,091		\$11.9368	\$944,093
DTs - Summer	36,547	10,633	47,180		\$11.4159	\$538,602
<b>Medium General Service - Value 262</b>						
Bills	1,082			1,082	\$75.00	\$81,150
First 500	182,613	2,494	185,107		\$11.1309	\$2,060,408
Over 500	212,610	2,904	215,514		\$10.7470	\$2,316,129
DTs - Winter	395,223	5,398	400,621			
First 500	269,073	(2,807)	266,266		\$10.0881	\$2,686,118
Over 500	217,490	(2,269)	215,221		\$9.8083	\$2,110,952
DTs - Summer	486,563	(5,076)	481,487			

TST PD 3/31/2009

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PRO FORMA REVENUE CALCULATIONS**

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Current Rates (5)	Proforma Revenue (6)
<b>Small General Service - Motor Fuel 242</b>						
Bills	30			30	\$22.00	\$660
DTs - Winter	3,821		3,821		\$9.2385	\$35,300
DTs - Summer	1,077		1,077		\$9.3843	\$10,107
<b><u>TOTAL COMMERCIAL</u></b>						
Bills	168,761			168,761		
DTs	5,336,627	61,976	5,398,603			\$64,882,194
<b>Large General Service - Sales 203</b>						
Bills	132			132	\$250.00	\$33,000
Demand DTs	25,394	0		25,394	\$19.0000	\$482,486
First 1,500	69,857	0	69,857		\$9.5402	\$666,450
Next 1,500	39,353	0	39,353		\$8.7991	\$346,271
Next 7,500	24,586	0	24,586		\$8.4342	\$207,363
Next 16,500	0	0	0		\$7.4793	\$0
Next 33,000	0	0	0		\$6.9261	\$0
Over 60,000	0	0	0		\$6.6404	\$0
DTs - Winter	133,796		133,796			
First 1,500	87,217	0	87,217		\$8.5082	\$742,060
Next 1,500	31,388	0	31,388		\$8.0234	\$251,838
Next 7,500	8,874	0	8,874		\$8.1766	\$72,559
Next 16,500	0	0	0		\$7.2936	\$0
Next 33,000	0	0	0		\$6.8761	\$0
Over 60,000	0	0	0		\$6.6404	\$0
DTs - Summer	127,479		127,479			
<b>Large General Service - Transportation 213</b>						
Bills	458			458	\$250.00	\$114,500
Demand DTs	89,230			89,230	\$6.0000	\$535,380
Standby DTs	0			0	\$13.0000	\$0
First 1,500	254,457	0	254,457		\$2.5795	\$656,372
Next 1,500	169,613	0	169,613		\$1.9052	\$323,147
Next 7,500	151,730	0	151,730		\$1.4409	\$218,628
Next 16,500	26,087	0	26,087		\$0.9793	\$25,547
Next 33,000	0	0	0		\$0.4261	\$0
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Winter	601,887		601,887			
First 1,500	350,044	0	350,044		\$1.8920	\$662,283
Next 1,500	206,509	0	206,509		\$1.4029	\$289,711
Next 7,500	148,074	0	148,074		\$1.1534	\$170,789
Next 16,500	0	0	0		\$0.7660	\$0
Next 33,000	0	0	0		\$0.3761	\$0
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Summer	704,627		704,627			

TST PD 3/31/2009

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PRO FORMA REVENUE CALCULATIONS**

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Current Rates (5)	Proforma Revenue (6)
<b>Interruptible Service - Sales 204</b>						
Bills	228			228	\$250.00	\$57,000
First 1,500	124,051	0	124,051		\$10.4680	\$1,298,566
Next 1,500	72,418	0	72,418		\$9.7634	\$707,046
Next 7,500	99,557	0	99,557		\$9.2741	\$923,302
Next 16,500	21,074	0	21,074		\$9.5623	\$201,516
Next 33,000	0	0	0		\$7.9105	\$0
Over 60,000	0	0	0		\$7.0404	\$0
DTs - Winter	317,100		317,100			
First 1,500	169,236	0	169,236		\$8.6842	\$1,469,679
Next 1,500	102,806	0	102,806		\$8.1932	\$842,310
Next 7,500	137,756	0	137,756		\$7.9271	\$1,092,006
Next 16,500	51,171	0	51,171		\$7.6203	\$389,938
Next 33,000	0	0	0		\$7.0281	\$0
Over 60,000	0	0	0		\$6.7404	\$0
DTs - Summer	460,969		460,969			
<b>Interruptible Service - Transportation 214</b>						
Bills	665			665	\$250.00	\$166,250
First 1,500	388,928	0	388,928		\$2.5669	\$998,339
Next 1,500	311,132	0	311,132		\$1.8905	\$588,195
Next 7,500	615,838	0	615,838		\$1.3981	\$861,003
Next 16,500	231,908	0	231,908		\$0.9108	\$211,222
Next 33,000	43,135	0	43,135		\$0.4373	\$18,863
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Winter	1,590,941		1,590,941			
First 1,500	535,337	0	535,337		\$1.8750	\$1,003,757
Next 1,500	404,482	0	404,482		\$1.3729	\$555,313
Next 7,500	745,451	0	745,451		\$1.0576	\$788,389
Next 16,500	243,469	0	243,469		\$0.7422	\$180,703
Next 33,000	0	0	0		\$0.5796	\$0
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Summer	1,928,739		1,928,739			
<b><u>TOTAL INDUSTRIAL</u></b>						
Bills	1,483			1,483		
<b>Outdoor Gaslight Service - Rate 205</b>						
Fixtures	48	0	48		\$15.00	\$720
DTs - Winter	16	0	16			
DTs - Summer	22	0	22			
<b>Annual Revenues From Special Contracts</b>						\$ 4,097,215
<b>TOTAL BILLS</b>	<b>1,559,496</b>			<b>1,559,496</b>		
<b>TOTAL WINTER DTs</b>	<b>11,509,582</b>	<b>3,094</b>	<b>11,512,676</b>			
<b>TOTAL SUMMER DTs</b>	<b>6,751,852</b>	<b>187,820</b>	<b>6,939,672</b>			
<b>ANNUAL TOTAL DTs</b>	<b>18,261,434</b>	<b>190,914</b>	<b>18,452,348</b>			
					<b>REVENUE \$</b>	<b>186,203,571</b>

# **SCHEDULE 9**

TST PD 3/31/2009

PIEDMONT NATURAL GAS COMPANY, INC.  
PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Rate (5)	Proposed Revenue (6)
<b>Residential Service - Value 201</b>						
Bills - Winter	209,325			209,325	\$10.00	\$2,093,250
Bills - Summer	325,157			325,157	\$8.00	\$2,601,256
DTs - Winter	2,359,610	(4,215)	2,355,395		\$11.27370	\$26,554,017
DTs - Summer	897,826	63,345	961,171		\$10.76160	\$10,343,738
<b>Residential Service - Standard 221</b>						
Bills - Winter	374,918			374,918	\$10.00	\$3,749,180
Bills - Summer	479,852			479,852	\$8.00	\$3,838,816
DTs - Winter	3,142,012	(2,057)	3,139,955		\$13.38530	\$42,029,240
DTs - Summer	659,783	71,865	731,648		\$13.40200	\$9,805,546
<b><u>TOTAL RESIDENTIAL</u></b>						
Bills	1,389,252			1,389,252		
DTs	7,059,231	128,938	7,188,169			
						<b>\$101,015,043</b>
<b>Small General Service - Standard 202</b>						
Bills	118,239			118,239	\$22.00	\$2,601,258
DTs - Winter	1,654,263	4,453	1,658,716		\$12.3195	\$20,434,552
DTs - Summer	305,766	36,997	342,763		\$11.9407	\$4,092,830
<b>Small General Service - Value 232</b>						
Bills	49,251			49,251	\$22.00	\$1,083,522
First 200	994,880	1,984	996,864		\$11.6781	\$11,641,477
Over 200	<u>234,006</u>	<u>467</u>	<u>234,473</u>		\$11.3572	\$2,662,957
DTs - Winter	1,228,886	2,451	1,231,337			
First 200	1,013,836	8,924	1,022,760		\$10.6522	\$10,894,644
Over 200	<u>128,618</u>	<u>1,132</u>	<u>129,750</u>		\$10.3630	\$1,344,599
DTs - Summer	1,142,454	10,056	1,152,510			
<b>Medium General Service - Standard 252</b>						
Bills	159			159	\$75.00	\$11,925
DTs - Winter	82,027	(2,936)	79,091		\$12.0635	\$954,114
DTs - Summer	36,547	10,633	47,180		\$11.6264	\$548,534
<b>Medium General Service - Value 262</b>						
Bills	1,082			1,082		
First 500	182,613	2,494	185,107		\$75.0000	\$81,150
Over 500	<u>212,610</u>	<u>2,904</u>	<u>215,514</u>		\$11.3248	\$2,096,300
DTs - Winter	395,223	5,398	400,621		\$10.9592	\$2,361,861
First 500	269,073	(2,807)	266,266			
Over 500	<u>217,490</u>	<u>(2,269)</u>	<u>215,221</u>		\$10.3326	\$2,751,220
DTs - Summer	486,563	(5,076)	481,487		\$10.0688	\$2,187,017



TST PD 3/31/2009

PIEDMONT NATURAL GAS COMPANY, INC.  
PROPOSED REVENUE CALCULATIONS

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Rate (5)	Proposed Revenue (6)
<b>Small General Service - Motor Fuel 242</b>						
Bills	30			30	\$22.00	\$660
DTs - Winter	3,821		3,821		\$9.2901	\$35,497
DTs - Summer	1,077		1,077		\$9.1583	\$9,863
<b><u>TOTAL COMMERCIAL</u></b>						
Bills	168,761			168,761		
DTs	5,336,627	61,976	5,398,603			\$65,773,980
<b>Large General Service - Sales 203</b>						
Bills	132			132	\$250.00	\$33,000
Demand DTs	25,394	0		25,394	\$19.0000	\$482,486
First 1,500	69,857	0	69,857		\$9.3609	\$653,924
Next 1,500	39,353	0	39,353		\$8.6444	\$340,183
Next 7,500	24,586	0	24,586		\$8.2502	\$202,839
Next 16,500	0	0	0		\$7.4793	\$0
Next 33,000	0	0	0		\$6.9261	\$0
Over 60,000	0	0	0		\$6.6404	\$0
DTs - Winter	133,796		133,796			
First 1,500	87,217	0	87,217		\$8.4264	\$734,925
Next 1,500	31,388	0	31,388		\$7.9403	\$249,230
Next 7,500	8,874	0	8,874		\$8.0198	\$71,168
Next 16,500	0	0	0		\$7.2936	\$0
Next 33,000	0	0	0		\$6.8761	\$0
Over 60,000	0	0	0		\$6.6404	\$0
DTs - Summer	127,479		127,479			
<b>Large General Service - Transportation 213</b>						
Bills	458			458	\$250.00	\$114,500
Demand DTs	89,230			89,230	\$6.0000	\$535,380
Standby DTs	0			0	\$13.0000	\$0
First 1,500	254,457	0	254,457		\$2.5487	\$648,535
Next 1,500	169,613	0	169,613		\$1.8796	\$318,805
Next 7,500	151,730	0	151,730		\$1.4157	\$214,804
Next 16,500	26,087	0	26,087		\$0.9793	\$25,547
Next 33,000	0	0	0		\$0.4261	\$0
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Winter	601,887		601,887			
First 1,500	350,044	0	350,044		\$1.8408	\$644,361
Next 1,500	206,509	0	206,509		\$1.3574	\$280,315
Next 7,500	148,074	0	148,074		\$1.0982	\$162,615
Next 16,500	0	0	0		\$0.7660	\$0
Next 33,000	0	0	0		\$0.3761	\$0
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Summer	704,627		704,627			

TST PD 3/31/2009

**PIEDMONT NATURAL GAS COMPANY, INC.**  
**PROPOSED REVENUE CALCULATIONS**

(dekatherms) Rate Schedule	Test Period Actual (1)	Normalized Adjustment (2)	Proforma Dekatherms (3)	Proforma Bills (4)	Proposed Rate (5)	Proposed Revenue (6)
<b>Interruptible Service - Sales 204</b>						
Bills	228			228	\$250.00	\$57,000
First 1,500	124,051	0	124,051		\$10.1693	\$1,261,512
Next 1,500	72,418	0	72,418		\$9.4151	\$681,823
Next 7,500	99,557	0	99,557		\$8.9141	\$887,461
Next 16,500	21,074	0	21,074		\$9.1495	\$192,817
Next 33,000	0	0	0		\$7.9105	\$0
Over 60,000	0	0	0		\$7.0404	\$0
DTs - Winter	317,100		317,100			
First 1,500	169,236	0	169,236		\$8.5763	\$1,451,419
Next 1,500	102,806	0	102,806		\$8.0883	\$831,526
Next 7,500	137,756	0	137,756		\$7.8223	\$1,077,569
Next 16,500	51,171	0	51,171		\$7.5625	\$386,981
Next 33,000	0	0	0		\$7.0261	\$0
Over 60,000	0	0	0		\$6.7404	\$0
DTs - Summer	460,969		460,969			
<b>Interruptible Service - Transportation 214</b>						
Bills	665			665	\$250.00	\$166,250
First 1,500	388,928	0	388,928		\$2.5436	\$989,277
Next 1,500	311,132	0	311,132		\$1.8732	\$582,812
Next 7,500	615,838	0	615,838		\$1.3876	\$854,537
Next 16,500	231,908	0	231,908		\$0.9055	\$209,993
Next 33,000	43,135	0	43,135		\$0.4353	\$18,777
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Winter	1,590,941		1,590,941			
First 1,500	535,337	0	535,337		\$1.8347	\$982,183
Next 1,500	404,482	0	404,482		\$1.3424	\$542,977
Next 7,500	745,451	0	745,451		\$1.0368	\$772,884
Next 16,500	243,469	0	243,469		\$0.7308	\$177,927
Next 33,000	0	0	0		\$0.5796	\$0
Over 60,000	0	0	0		\$0.1404	\$0
DTs - Summer	1,928,739		1,928,739			
<b>TOTAL INDUSTRIAL</b>						
Bills	1,483			1,483		
Demand	114,624			114,624		
DTs	5,865,538	0	5,865,538			\$17,838,340
<b>Outdoor Gaslight Service - Rate 205</b>						
Fixtures	48	0	48		\$15.00	\$720
DTs - Winter	16	0	16			
DTs - Summer	22	0	22			
<b>Annual Revenues From Special Contracts</b>					\$	4,097,215
<b>TOTAL ALL RATE SCHEDULES</b>						
TOTAL BILLS	1,559,496			1,559,496		
TOTAL WINTER DTs	11,509,582	3,094	11,512,676			
TOTAL SUMMER DTs	6,751,852	197,820	6,939,672			
ANNUAL TOTAL DTs	18,261,434	190,914	18,452,348			REVENUE \$ 188,725,298

# **SCHEDULE 10**

Piedmont Natural Gas Company, Inc.  
 South Carolina  
 RSA period ending March 31, 2009

SCHEDULE 10

**WNA Factors**

	<b>Base Rate (\$/therms)</b>	<b>Demand (\$/therms)</b>	<b>Commodity</b>	<b>"R" Value (\$/therms)</b>	<b>Heat Factor (therms/DDD)</b>	<b>Base Factor (therms/mo.)</b>
<b>Residential</b>						
Value Rate - 201	1.12737	0.02314	0.66404	0.44019	0.17545	17.35593
Standard Rate - 221	1.33853	0.23815	0.66404	0.43634	0.14508	4.97306
<b>Commercial</b>						
<b>Rate 202 - Std</b>	1.23195	0.21954	0.66404	0.34837	0.60024	7.95496
<b>Rate 232 - Val</b>						
First 2,000 therms	1.16781	0.15407	0.66404	0.34970	0.40961	374.35695
Over 2,000 therms	1.13572	0.12152	0.66404	0.35016	0.40961	374.35695
<b>Rate 252 - Std</b>	1.20635	0.19339	0.66404	0.34892	22.11808	2398.86759
<b>Rate 262 - Val</b>						
first 5,000 therms	1.13248	0.11784	0.66404	0.35060	3.34841	7266.20992
over 5,000 therms	1.09592	0.08082	0.66404	0.35106	3.34841	7266.20992

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the of the attached Notice is being served electronically and via overnight delivery (five copies) upon:

Office of Regulatory Staff  
Jeffrey M. Nelson  
C. Lessie Hammonds  
1441 Main Street  
Suite 300  
Columbia, South Carolina  
[jnelson@regstaff.sc.gov](mailto:jnelson@regstaff.sc.gov)  
[lhammon@regstaff.sc.gov](mailto:lhammon@regstaff.sc.gov)

And that one copy of the attached Notice is being served this date on the other parties to this proceeding by U.S. Mail addressed as follows:

Scott Elliott  
South Carolina Energy Users Committee  
Elliott & Elliott, P.A.  
721 Olive Street  
Columbia, South Carolina 29205

This the 15th day of June, 2009.

s/James H. Jeffries IV  
James H. Jeffries IV